

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 99-851

May 9, 2001

MAINE PUBLIC UTILITIES COMMISSION  
Investigation into Bell Atlantic-Maine's  
Alternative Form of Regulation

ORDER (PART I)

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

---

This Part One Order describes the Commission's decisions in Docket Number 99-851, the Investigation into the Alternative Form of Regulation (AFOR) for Verizon Maine (Verizon). Pursuant to Chapter 110, § 1003 of the Commission's Rules, the Commission may issue an order in two parts. A complete Part Two Order providing the background, analyses and reasoning underlying the Commission's decision will be issued in the near future.

The Commission has decided that the present AFOR for Verizon will continue for another five years. Effective on June 1, 2001, the present Price Regulation Index (PRI) will be discontinued, and, after an initial increase to basic rates for all except Lifeline customers, basic local service rates will be capped for the term of the AFOR. The Company may seek pricing flexibility for multi-line (10 or more lines) business customers in a specified exchange or wire center by presenting evidence showing that effective competition exists for those customers in that exchange or wire center. Rates for Directory Assistance and Operator Services will also be capped; Verizon will be permitted to show on a statewide basis that effective competition exists for those services. Verizon will have pricing flexibility for all other retail services. For retail toll services, however, we will require Verizon to make a showing to the Commission that by June 1, 2002 it has reduced its rates for intrastate toll services by at least \$19 million (compared to rates in effect on May 31, 2001); or that, for the year ending June 1, 2003, that its actual intrastate toll revenues have decreased by that amount (compared to revenue in the year ending May 31, 2001).

We continue the Service Quality Index (SQI) mechanism, but we modify the plan by replacing several of the current indices and baselines with new ones and by increasing the total number of indices. We also increase the amount of potential penalty that the Company may incur to reflect the fact that its revenues have increased since the beginning of the present AFOR.

In compliance with 35-A M.R.S.A. § 7101-B, the Company must reduce its intrastate access rates to the interstate level on May 30, 2001.<sup>1</sup> In recognition of this mandated access rate reduction, the Company may increase its basic local rates by \$12.5 million annually for all customers, except those served under Lifeline rates. Because we are permitting the Company to increase basic rates, we reject its proposal to implement a "Carrier Market Share Charge." We estimate the monthly increase to basic rates will be \$1.66, but Verizon should provide the exact calculation to the Commission as soon as possible. With its calculation the Company should provide the total number of access lines and the number of access lines subscribed to Lifeline service. The Company shall file tariff revisions to implement the increased basic rates as expeditiously as possible.

While the Company is being given full pricing flexibility for all other retail services, except for Directory Assistance and Operator Services, the Commission will open a proceeding shortly to examine whether any of the other retail services, particularly optional calling features, should be subject to some form of price regulation.

Wherefore, we

ORDER

That, as expeditiously as possible, Verizon New England Inc. shall file with the Commission rate schedules that implement rates required by this Order.

Dated at Augusta, Maine, this 9<sup>th</sup> day of May, 2001.

BY ORDER OF THE COMMISSION

---

Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
    Nugent  
    Diamond

---

<sup>1</sup>In Docket No. 2001-167, the Company has filed proposed access rates that it claims comply with in Docket No. 2001. However, that filing also includes the Company's proposed "Carrier Market Share Charge" that it proposed in this case (the AFOR investigation). Because we have rejected that proposed charge, the Company should file a revised version of the page containing the proposed charge in Docket No. 2001-197.

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.